

COMMERCIAL BANK OF AFRICA LIMITED

FINANCIAL STATEMENTS & DISCLOSURES - 31 DECEMBER 2016

I. STATEMENT OF FINANCIAL POSITION

| | GROUP | | BANK | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 31 Dec 2015 Audited Kes 000 | 31 Dec 2016 Audited Kes 000 | 31 Dec 2015 Audited Kes 000 | 31 Dec 2016 Audited Kes 000 |
| A. ASSETS | | | | |
| 1 Cash (both local and foreign) | 4,022,655 | 8,874,869 | 3,167,331 | 8,062,426 |
| 2 Balances due from Central Banks | 13,441,203 | 19,144,318 | 11,713,660 | 17,083,598 |
| 3 Kenya Government and other securities held for dealing purposes | - | - | - | - |
| 4 Financial assets at fair value through profit and loss | 294,851 | 297,799 | 294,851 | 297,799 |
| 5 Investment securities | | | | |
| a) Held to maturity: | | | | |
| a. Kenya government securities | 23,380,526 | 27,650,707 | 23,380,526 | 27,650,707 |
| b. Other securities | 8,805,144 | 5,373,727 | 5,116,300 | 2,817,499 |
| b) Available for sale | | | | |
| a. Kenya government securities | 19,291,151 | 19,777,594 | 19,291,151 | 19,777,594 |
| b. Other securities | 1,826,119 | 1,671,100 | 51,082 | 51,968 |
| 6 Deposits and balances due from local banking institutions | 5,362,949 | 9,113,822 | 3,362,949 | 6,833,775 |
| 7 Deposits and balances due from banking institutions abroad | 13,691,148 | 8,607,070 | 9,361,571 | 7,691,997 |
| 8 Tax recoverable | 135,906 | 435,191 | - | 278,828 |
| 9 Loans and advances to customers (net) | 112,925,594 | 111,650,821 | 103,519,861 | 100,314,461 |
| 10 Balances due from banking institutions in the group | - | - | 2,078,967 | 2,058,117 |
| 11 Investment in associates | 3,040,326 | 3,223,286 | 2,497,563 | 2,497,563 |
| 12 Investment in subsidiary companies | - | - | 4,100,390 | 4,734,894 |
| 13 Investments in joint ventures | - | - | - | - |
| 14 Investment properties | - | - | - | - |
| 15 Property and equipment | 2,434,464 | 2,366,888 | 1,897,583 | 1,898,403 |
| 16 Prepaid lease rentals | - | - | - | - |
| 17 Intangible assets | 1,967,494 | 2,959,519 | 1,919,202 | 2,919,037 |
| 18 Deferred tax asset | 1,825,803 | 2,389,389 | 967,805 | 1,399,371 |
| 19 Retirement benefit asset | - | - | - | - |
| 20 Other assets | 3,179,879 | 2,998,451 | 5,763,478 | 4,509,890 |
| 21 Total assets | 215,625,182 | 226,534,551 | 198,484,270 | 210,877,927 |
| B. LIABILITIES | | | | |
| 22 Balances due to Central Banks | - | - | - | - |
| 23 Customer deposits | 164,468,970 | 174,276,407 | 148,537,412 | 159,284,814 |
| 24 Deposits and balances due to local banking institutions | 6,793,027 | 3,215,168 | 6,793,027 | 1,689,870 |
| 25 Deposits and balances due to foreign banking institutions | 13,067,955 | 12,073,725 | 10,891,987 | 12,073,725 |
| 26 Other money market deposits | - | - | - | - |
| 27 Borrowed funds | 7,026,971 | 7,891,234 | 7,026,971 | 7,891,234 |
| 28 Balances due to banking institutions in the group | - | - | 109,771 | 26,359 |
| 29 Tax payable | 4,565 | 5,737 | 78,326 | - |
| 30 Dividends payable | - | - | - | - |
| 31 Deferred tax liability | - | - | - | - |
| 32 Retirement benefit liability | - | - | - | - |
| 33 Other liabilities | 2,581,796 | 2,805,603 | 2,338,696 | 2,441,753 |
| 34 Total liabilities | 193,943,284 | 200,267,874 | 175,776,190 | 183,407,755 |
| C. SHAREHOLDERS' FUNDS | | | | |
| 35 Paid up capital | 5,755,468 | 5,755,468 | 5,755,468 | 5,755,468 |
| 36 Share premium | 5,036,649 | 5,036,649 | 5,036,649 | 5,036,649 |
| 37 Revaluation reserves | - | - | - | - |
| 38 Retained earnings | 9,482,911 | 12,366,363 | 10,908,687 | 14,155,192 |
| 39 Statutory loan loss reserve | 1,574,398 | 1,807,512 | 1,101,848 | 1,151,705 |
| 40 Other reserves | (1,355,158) | (811,855) | (1,282,202) | (741,382) |
| 41 Proposed dividends | 1,187,630 | 2,112,540 | 1,187,630 | 2,112,540 |
| 42 Capital grants | - | - | - | - |
| 43 Total shareholders' funds | 21,681,898 | 26,266,677 | 22,708,080 | 27,470,172 |
| 44 Total liabilities and shareholders' funds | 215,625,182 | 226,534,551 | 198,484,270 | 210,877,927 |

II. STATEMENT OF COMPREHENSIVE INCOME

| | GROUP | | BANK | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 31 Dec 2015 Audited Kes 000 | 31 Dec 2016 Audited Kes 000 | 31 Dec 2015 Audited Kes 000 | 31 Dec 2016 Audited Kes 000 |
| 1 INTEREST INCOME | | | | |
| 1.1 Loans and advances | 12,470,617 | 13,330,250 | 11,239,840 | 11,438,066 |
| 1.2 Government securities | 6,089,660 | 6,758,294 | 5,125,665 | 5,957,200 |
| 1.3 Deposits and placements from banking institutions | 830,555 | 718,704 | 207,702 | 457,035 |
| 1.4 Other interest income | 148,667 | 67,846 | 148,667 | 67,846 |
| 1.5 Total interest income | 19,539,499 | 20,875,094 | 16,721,874 | 17,920,147 |
| 2 INTEREST EXPENSES | | | | |
| 2.1 Customer deposits | 9,981,870 | 8,953,377 | 8,857,173 | 7,783,398 |
| 2.2 Deposits and placements from banking institutions | 734,519 | 1,337,090 | 394,222 | 989,798 |
| 2.3 Other interest expenses | 894,953 | 901,483 | 894,953 | 901,483 |
| 2.4 Total interest expenses | 11,611,342 | 11,191,950 | 10,146,348 | 9,674,679 |
| 3 NET INTEREST INCOME | 7,928,157 | 9,683,144 | 6,575,526 | 8,245,468 |
| 4 OTHER OPERATING INCOME | | | | |
| 4.1 Fees and commissions on loans and advances | 3,799,521 | 5,726,177 | 3,609,951 | 5,346,876 |
| 4.2 Other fees and commissions | 1,564,931 | 1,785,954 | 1,243,656 | 1,442,381 |
| 4.3 Foreign exchange trading income | 953,210 | 2,221,028 | 1,704,983 | 2,187,531 |
| 4.4 Dividend income | - | - | 66,660 | 66,600 |
| 4.5 Other income | 389,557 | 539,313 | 108,872 | 116,183 |
| 4.6 Total Non-interest income | 6,707,219 | 10,272,472 | 6,734,122 | 9,159,571 |
| 5 TOTAL OPERATING INCOME | 14,635,376 | 19,955,616 | 13,309,648 | 17,405,039 |
| 6 OPERATING EXPENSES | | | | |
| 6.1 Loan loss provision | 2,015,424 | 4,087,483 | 1,436,245 | 3,372,207 |
| 6.2 Staff costs | 3,224,649 | 3,523,583 | 2,513,581 | 2,757,645 |
| 6.3 Directors' emoluments | 178,549 | 154,920 | 149,175 | 119,356 |
| 6.4 Rental charges | 631,386 | 631,040 | 417,320 | 429,808 |
| 6.5 Depreciation charge on property and equipment | 429,566 | 383,878 | 293,206 | 263,564 |
| 6.6 Amortisation charges | 365,951 | 422,873 | 346,379 | 402,648 |
| 6.7 Other operating expenses | 2,738,223 | 3,238,003 | 1,926,622 | 2,467,288 |
| 6.8 Total other operating expenses | 9,583,748 | 12,441,780 | 7,082,528 | 9,812,516 |
| 7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | 5,051,628 | 7,513,836 | 6,227,120 | 7,592,523 |
| 8 Exceptional item | (314,531) | (117,767) | - | - |
| 9 PROFIT AFTER EXCEPTIONAL ITEMS | 4,737,097 | 7,396,069 | 6,227,120 | 7,592,523 |
| Share of associate profit | 115,515 | 249,560 | - | - |
| PROFIT BEFORE TAX | 4,852,612 | 7,645,629 | 6,227,120 | 7,592,523 |
| 10 Current tax | 1,820,320 | 1,726,055 | 1,765,640 | 1,663,144 |
| 11 Deferred tax | (560,032) | (796,232) | (153,781) | (663,346) |
| 12 PROFIT AFTER TAX AND EXCEPTIONAL ITEMS | 3,592,324 | 6,715,806 | 4,615,261 | 6,592,725 |
| OTHER COMPREHENSIVE INCOME | | | | |
| 13.1 Exchange differences on translating foreign operations | (247,850) | (302,415) | - | - |
| 13.2 Available-for-sale financial assets | (2,431,058) | 775,488 | (1,870,427) | 772,600 |
| 13.3 Gains on property revaluations | - | - | - | - |
| 13.4 Share of other comprehensive income of associates | - | - | - | - |
| 13.5 Income tax relating to components of other comprehensive income | 729,317 | (232,647) | 561,128 | (231,780) |
| Other comprehensive income for the year net of tax | (1,949,591) | 240,426 | (1,309,299) | 540,820 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 1,642,733 | 6,956,232 | 3,305,962 | 7,133,545 |
| EARNINGS PER SHARE - BASIC & DILUTED | Kes 13.52 | Kes 23.34 | Kes 17.38 | Kes 22.91 |

III. OTHER DISCLOSURES

| | GROUP | | BANK | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 31 Dec 2015 Audited Kes 000 | 31 Dec 2016 Audited Kes 000 | 31 Dec 2015 Audited Kes 000 | 31 Dec 2016 Audited Kes 000 |
| 1 NON-PERFORMING LOANS AND ADVANCES | | | | |
| a) Gross non-performing loans and advances | 7,614,397 | 10,973,406 | 4,722,934 | 7,449,909 |
| b) Less interest in suspense | 967,997 | 1,552,960 | 758,089 | 1,289,742 |
| c) Total non-performing loans (a-b) | 6,646,400 | 9,420,446 | 3,964,845 | 6,160,167 |
| d) Specific provisions for bad debts | 4,871,032 | 5,176,222 | 3,404,732 | 3,477,951 |
| e) Net non-performing loans (c-d) | 1,775,368 | 4,244,224 | 560,113 | 2,682,216 |
| f) Realisable value of securities | 1,679,398 | 4,176,485 | 464,143 | 2,614,477 |
| g) Net NPLs Exposure (e-f) | 95,970 | 67,739 | 95,970 | 67,739 |
| 2 INSIDER LOANS AND ADVANCES | | | | |
| a) Directors, shareholders and associates | 4,444,033 | 4,347,639 | 4,444,033 | 4,347,639 |
| b) Employees | 2,288,479 | 2,675,455 | 2,026,831 | 2,243,583 |
| c) Total insider loans advances and other facilities | 6,732,512 | 7,023,094 | 6,470,864 | 6,591,222 |
| 3 OFF-BALANCE SHEET ITEMS | | | | |
| a) Letters of credit, guarantees and acceptances | 24,066,646 | 29,042,134 | 22,257,145 | 26,476,955 |
| b) Forward, swaps and options | 4,595,371 | 2,449,983 | 4,595,371 | 2,449,983 |
| c) Other contingent liabilities | - | - | - | - |
| d) Total contingent liabilities | 28,662,017 | 31,492,117 | 26,852,516 | 28,926,938 |
| 4 CAPITAL STRENGTH | | | | |
| a) Core capital | 18,489,942 | 20,577,162 | 17,099,374 | 19,048,028 |
| b) Minimum statutory capital | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| c) Excess / (deficiency) | 17,489,942 | 19,577,162 | 16,099,374 | 18,048,028 |
| d) Supplementary capital | 8,574,398 | 7,407,512 | 8,101,848 | 6,751,705 |
| e) Total capital (a+d) | 27,064,340 | 27,984,674 | 25,201,222 | 25,799,733 |
| f) Total risk weighted assets | 151,448,296 | 156,318,944 | 140,603,744 | 139,839,742 |
| g) Core capital / total deposit liabilities | 11.24% | 11.81% | 11.51% | 11.96% |
| h) Minimum statutory ratio | 8.00% | 8.00% | 8.00% | 8.00% |
| i) Excess / (deficiency) (g-h) | 3.24% | 3.81% | 3.51% | 3.96% |
| j) Core capital / total risk weighted assets | 12.21% | 13.16% | 12.16% | 13.62% |
| k) Minimum statutory ratio | 10.50% | 10.50% | 10.50% | 10.50% |
| l) Excess / (deficiency) (j-k) | 1.71% | 2.66% | 1.66% | 3.12% |
| m) Total capital / total risk weighted assets | 17.87% | 17.90% | 17.92% | 18.45% |
| n) Minimum statutory ratio | 14.50% | 14.50% | 14.50% | 14.50% |
| o) Excess / (deficiency) (m-n) | 3.37% | 3.40% | 3.42% | 3.95% |
| 5 LIQUIDITY | | | | |
| a) Liquidity ratio | 39.31% | 45.05% | 36.73% | 45.10% |
| b) Minimum statutory ratio | 20.00% | 20.00% | 20.00% | 20.00% |
| c) Excess / (deficiency) (a-b) | 19.31% | 25.05% | 16.73% | 25.10% |



MESSAGE FROM DIRECTORS

These financial statements are extracts from the books of the institution as audited by PricewaterhouseCoopers and received an unqualified opinion.

The complete set of audited financial statements, statutory and qualitative disclosures can be accessed in the institutions website www.cbagroup.com. They may also be accessed at the institutions head office located at CBA Centre, Mara & Ragati Roads, Upper Hill.

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Chairman

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Group Managing Director

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